

**TOWN OF MANGHAM, LOUISIANA****Annual Financial Statements****As of June 30, 2009 and for the Year Then Ended**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/20/10

**TOWN OF MANGHAM, LOUISIANA**

**Annual Financial Statements  
As of and for the Year Ended June 30, 2009  
With Supplemental Information Schedules**

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**TOWN OF MANGHAM, LOUISIANA**

**Annual Financial Statements  
As of and for the Year Ended June 30, 2009  
With Supplemental Information Schedules**

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of the  
Town of Mangham, Louisiana

We have audited the accompanying basic primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Mangham, Louisiana (which is "the Town" as well as "the primary government"), as of and for the year ended June 30, 2009, which collectively comprise the basic primary government financial statements of the Town's primary government as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the primary government of the Town as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, on our consideration of the Town of Mangham's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and Board of Aldermen of the  
Town of Mangham, Louisiana  
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The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 30, are not a required part of the basic primary government financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic primary government financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic primary government financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic primary government financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic primary government financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic primary government financial statements and, accordingly, we express no opinion on it.

*Cameron, Hines & Hault (APAC)*

West Monroe, Louisiana  
December 18, 2009

REQUIRED SUPPLEMENTAL INFORMATION (PART A)  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF MANGHAM, LOUISIANA**  
**Management Discussion and Analysis**  
As of and for the Year Ended June 30, 2009

Management's Discussion and Analysis is a fact-based analysis of the Town's financial activities during the fiscal year ended June 30, 2009. Its purpose is to provide an overview of activities within the Town based on currently known facts, decision, and conditions.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplementary Information ("RSI") that is provided in addition to this Management Discussion and Analysis.

### **Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$2,462,273 (net assets). Of this amount, \$744,304 (unrestricted net assets) represents the portion of net assets that is not invested in capital assets or otherwise restricted.
- The government's total net assets increased by \$1,119,058.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$499,400 an increase of \$73,640 in comparison with the prior year. Of this total amount, \$499,400 is available for spending at the government's discretion (unreserved fund balance).
- The Town's total debt increased by approximately \$289,916 during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Mangham's basic financial statements. The Town of Mangham's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Mangham's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the Town of Mangham's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Mangham is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

**Town of Mangham, Louisiana**  
**Management Discussion and Analysis (continued)**

are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Mangham that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Mangham include general government, public safety, sanitation, public works and Community Center. The business-type activities of the Town of Mangham include water and sewer.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mangham like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Mangham can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Mangham maintains 2 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Sales Tax Fund all of which are considered to be major funds.

The Town of Mangham adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

**Proprietary funds.** The Town of Mangham maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information the government-wide financial statements, only in more detail.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



**Town of Mangham, Louisiana**  
**Management Discussion and Analysis (continued)**

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Mangham's compliance with budgets for its major funds.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mangham, assets exceeded liabilities by approximately \$2,462,273 at the close of the most recent fiscal year.

By far the largest amount of the Town of Mangham's net assets (\$1,675,606) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Mangham uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mangham's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Totals	
	06/30/09	06/30/08	06/30/09	06/30/08	06/30/09	06/30/08
Current & other assets	\$505,259	\$429,962	\$365,612	\$476,185	\$870,871	\$906,147
Capital assets	400,093	424,506	1,791,929	267,754	2,192,022	692,260
Total assets	<u>\$905,352</u>	<u>\$854,468</u>	<u>\$2,157,541</u>	<u>\$743,939</u>	<u>\$3,062,893</u>	<u>\$1,598,407</u>
Current & other liabilities	\$5,859	\$4,202	\$78,345	\$24,490	\$84,204	\$28,692
Long-term liabilities	0	0	516,416	226,500	516,416	226,500
Total liabilities	<u>\$5,859</u>	<u>\$4,202</u>	<u>\$594,761</u>	<u>\$250,990</u>	<u>\$600,620</u>	<u>\$255,192</u>
Net Assets:						
Invested in Capital Assets						
net of related debt	\$400,093	\$424,506	\$1,275,513	\$41,251	\$1,675,606	\$465,757
Restricted	0	0	42,363	41,919	42,363	41,919
Unrestricted	499,400	425,760	244,904	409,779	744,304	835,539
Total net assets	<u>\$899,493</u>	<u>\$850,266</u>	<u>\$1,562,780</u>	<u>\$492,949</u>	<u>\$2,462,273</u>	<u>\$1,343,215</u>

The balance of \$744,304 in unrestricted net assets in the governmental activities represents the accumulated results of all past year's operations. Net assets increased by \$1,119,058 from the prior year. The changes in net assets are discussed later in this MD&A.

**Governmental activities.** Governmental activities increased the Town of Mangham's net assets by \$49,229. Key elements of the changes in net assets are as follows:

**Town of Mangham, Louisiana**  
**Management Discussion and Analysis (continued)**

**TOWN OF MANGHAM CHANGES IN NET ASSETS**  
**06/30/2009 and 2008**

	Governmental Activities		Business-Type Activities		Totals	
	6/30/2009	6/30/2008	6/30/2009	6/30/2008	6/30/2009	6/30/2008
Revenues:						
Program Revenues:						
Charges for services	\$119,403	\$112,700	\$98,985	\$89,805	\$218,388	\$202,505
Operating grants & contributions	4,405	21,551	1,157,436	35,000	1,161,841	56,551
General Revenues:						
Property taxes	30,871	30,195	5,568	31,319	36,439	61,514
Sales taxes	79,642	80,433			79,642	80,433
Other taxes	17,160	14,554			17,160	14,554
Other general revenues	53,546	40,098	5,202	7,405	58,748	47,503
Total revenues	<u>305,027</u>	<u>299,531</u>	<u>1,267,191</u>	<u>163,529</u>	<u>1,572,218</u>	<u>463,060</u>
Expenses:						
General Government	81,208	75,901			81,208	75,901
Public Safety and Protection	104,113	104,876			104,113	104,876
Public Works	35,923	40,046			35,923	40,046
Sanitation	23,627	23,079			23,627	23,079
Culture and Recreation	10,929	15,096			10,929	15,096
Water			137,104	85,977	137,104	85,977
Sewer			40,923	36,984	40,923	36,984
Interest on long term debt			19,333	1,500	19,333	1,500
Total expenses	<u>255,800</u>	<u>258,998</u>	<u>197,360</u>	<u>124,461</u>	<u>453,160</u>	<u>383,459</u>
Increase (decrease) in assets before transfers	49,227	40,533	1,069,831	39,068	1,119,058	79,601
Transfers	0	0	0	0	0	0
Increase (decrease) in net assets	<u>\$49,227</u>	<u>\$40,533</u>	<u>\$1,069,831</u>	<u>\$39,068</u>	<u>\$1,119,058</u>	<u>\$79,601</u>

Expenses are classified by functions/programs. General government accounts for approximately \$81,000 while public safety, public works, sanitation, and community center accounts for approximately \$175,000 for the fiscal year 2009. The related program revenues for fiscal 2009 directly related to these expenses totaled \$123,808, which resulted in net program expenses of (\$131,990). The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Sales tax revenues are the largest and most significant source of revenue for the Town of Mangham. It provides approximately \$80,000 of general fund revenue.
- Insurance premium taxes are the second largest revenue source to the Town, generating approximately \$28,000 of general fund revenue.

**Business-type activities.** Business-type activities increase the Town of Mangham's net assets by approximately \$1,069,831. Key elements of this increase are as follows.

- Water Fund activities increase the Town's net assets by approximately \$1,054,200.
- Sewer Fund activities increased net assets by approximately \$15,631.

**Town of Mangham, Louisiana**  
Management Discussion and Analysis (continued)

**Financial Analysis of the Government's Funds**

As noted earlier, the Town of Mangham uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town of Mangham's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Mangham's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Mangham's governmental funds reported combined ending fund balances of \$499,400, an increase of \$73,640 in comparison with the prior year. All of this total amount (\$499,400) constitutes unreserved fund balance, which is available for spending at the Town's discretion.

**General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Mangham must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 12, 2008 with no amendments for the year.

**Revenues:** Overall revenues for the General Fund were projected to increase during FY 2009 by \$77,000 from the previous year. All other revenues were expected to remain the same for 2009.

**Expenditures:** General governmental expenditures comprise 31% of the General Funds Appropriations.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Mangham's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$2,192,022 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and street improvements.

Major capital asset events in the current fiscal year included the purchases of police equipment along with the major water system project that began in May, 2008. Also the sewer system is undergoing major improvements beginning in June, 2009.

**Town of Mangham, Louisiana**  
**Management Discussion and Analysis (continued)**

**Town of Mangham Capital Assets**

	<u>06/30/09</u>	<u>06/30/08</u>
Land	\$41,250	\$41,250
Building & Improvements	173,906	173,906
Machines & Equipment	109,435	105,441
Infrastructure	257,233	257,233
Sewer System	422,656	377,690
Water System	1,878,594	313,998
Total	<u>2,883,074</u>	<u>1,269,518</u>
Less Accumulated Depreciation	<u>(691,052)</u>	<u>(577,258)</u>
Total Capital Assets	<u>\$2,192,022</u>	<u>\$692,260</u>

**Town of Mangham Outstanding Debt**

Water Notes	\$516,416	\$220,000
Sewer Notes	0	6,500
	<u>\$516,416</u>	<u>\$226,500</u>

**Economic Factors and Next Year's Budgets and Rates**

Factors considered in preparing the Town of Mangham's budget for the 2010 fiscal year included the impact that the property tax reassessments that were completed which increased property values for the Town and determining the amount of revenue that will be generated from sales tax. Sales taxes account for approximately 26% of the Town's total revenue. With current economic conditions, sales tax revenue is projected to remain flat for the next fiscal year. All other revenues should remain fairly constant.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Mangham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, Post Office 94 Mangham, Louisiana 71295.

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT A****TOWN OF MANGHAM, LOUISIANA****Statement of Net Assets****June 30, 2009**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$243,525	\$470,228	\$713,753
Receivables (net of allowances for uncollectibles)	97,832	59,286	157,118
Internal balances	163,902	(163,902)	0
Capital assets (net)	400,093	1,791,929	2,192,022
<b>TOTAL ASSETS</b>	<b>\$905,352</b>	<b>\$2,157,541</b>	<b>\$3,062,893</b>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$5,859	\$78,345	\$84,204
Loans payable	0	516,416	516,416
<b>TOTAL LIABILITIES</b>	<b>\$5,859</b>	<b>\$594,761</b>	<b>\$600,620</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$400,093	\$1,275,513	\$1,675,606
Restricted for debt service	0	42,363	42,363
Unrestricted	499,400	244,904	744,304
<b>TOTAL NET ASSETS</b>	<b>\$899,493</b>	<b>\$1,562,780</b>	<b>\$2,462,273</b>

The accompanying notes are an integral part of this financial statement.

# TOWN OF MANGHAM, LOUISIANA

## Statement of Activities

For the Year Ended June 30, 2009

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Operating		Governmental Activities	Business-type Activities	Total
		Charges for Services	Grants and Contributions			
<b>Governmental Activities</b>						
General government	\$81,208		\$4,405	(\$76,803)	\$	(\$76,803)
Public safety and protection	104,113	87,384		(16,729)		(16,729)
Public works	35,923			(35,923)		(35,923)
Sanitation	23,627	19,869		(3,758)		(3,758)
Culture & Recreation	10,929	12,150		1,221		1,221
Total Governmental Activities	<u>255,800</u>	<u>119,403</u>	<u>4,405</u>	<u>(131,992)</u>		<u>(131,992)</u>
<b>Business-type Activities</b>						
Water	156,345	87,953	1,112,470		1,044,078	1,044,078
Sewer	41,015	11,032	44,966		14,983	14,983
Total Business-type Activities	<u>197,360</u>	<u>98,985</u>	<u>1,157,436</u>		<u>1,059,061</u>	<u>1,059,061</u>
Total Primary Government	<u>\$453,160</u>	<u>\$218,388</u>	<u>\$4,405</u>	<u>(\$131,992)</u>	<u>\$1,059,061</u>	<u>\$927,069</u>
General Revenues:						
Property taxes				\$30,871	\$5,568	\$36,439
Sales taxes				79,642		79,642
Franchise taxes				17,160		17,160
Occupational licenses				28,704		28,704
Investment earnings				1,556	5,202	6,758
Sale of Fire Station				15,500		15,500
Other general revenues				7,786		7,786
Total general revenues and transfers				<u>181,219</u>	<u>10,770</u>	<u>191,989</u>
Change in Net Assets				<u>49,227</u>	<u>1,069,831</u>	<u>1,119,058</u>
Net assets-beginning				<u>850,266</u>	<u>492,949</u>	<u>1,343,215</u>
Net assets-ending				<u>\$899,493</u>	<u>\$1,562,780</u>	<u>\$2,462,273</u>

The accompanying notes are an integral part of this financial statement.

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS



## STATEMENT C

**TOWN OF MANGHAM, LOUISIANA**  
**Balance Sheet, Governmental Funds**  
**June 30, 2009**

	GENERAL FUND	MAJOR FUNDS SALES TAX FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and cash equivalents	\$200,217	\$43,308	\$243,525
Receivables (net of allowances for uncollectibles)	97,824	8	97,832
Due from other funds	167,322	57,309	224,631
<b>TOTAL ASSETS</b>	<b>\$465,363</b>	<b>\$100,625</b>	<b>\$565,988</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts, salaries, and other payables	5,859	0	5,859
Due to other funds	60,729	0	60,729
<b>Total Liabilities</b>	<b>66,588</b>	<b>0</b>	<b>66,588</b>
Fund balances:			
Reserved:			
Unreserved, reported in:			
General Fund	398,775		398,775
Special revenue funds		100,625	100,625
Capital projects funds			0
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$465,363</b>	<b>\$100,625</b>	<b>\$565,988</b>

**Reconciliation of The Governmental Funds Balance Sheet  
to The Government-Wide Financial Statement of Net Assets**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds: \$499,400

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental assets	581,824	
Less Accumulated Depreciation	<u>(181,731)</u>	400,093

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:

Capital lease	<u>0</u>	<u>0</u>
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Net Assets of Governmental Activities (Statement A)	<u><u>\$899,493</u></u>
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**TOWN OF MANGHAM, LOUISIANA**  
**Statement of Revenues, Expenditures and**  
**and Changes in Fund Balances**  
**Governmental Funds**

**For the Year Ended June 30, 2009**

	GENERAL FUND	MAJOR FUNDS SALES TAX FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Taxes:			
Sales and use	\$	\$79,642	\$79,642
Franchise tax	17,160		17,160
Ad valorem tax	30,871		30,871
Other taxes, penalties, interest, etc.			0
Licenses and permits	28,704		28,704
Intergovernmental revenues:			
State funds:			
State revenue sharing (net)			0
Grant	4,405		4,405
Charges for services	19,869		19,869
Fines and forfeitures	87,384		87,384
Investment earnings	804	752	1,556
Other revenues	35,436		35,436
Total Revenues	<u>224,633</u>	<u>80,394</u>	<u>305,027</u>
<b>EXPENDITURES</b>			
General government	75,500	1,048	76,548
Public safety and protection	97,130		97,130
Public works	20,970		20,970
Sanitation	23,627		23,627
Culture and recreation	9,117		9,117
Capital outlay	3,995		3,995
Total Expenditures	<u>230,339</u>	<u>1,048</u>	<u>231,387</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,706)	79,346	73,640
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	79,347		79,347
Transfers out	0	(79,347)	(79,347)
Total Other Financing Sources and Uses	<u>79,347</u>	<u>(79,347)</u>	<u>(0)</u>
Net Change in Fund Balance	73,641	(1)	73,640
Fund balances -- beginning	325,134	100,626	425,760
Fund balances -- ending	<u>\$398,775</u>	<u>\$100,625</u>	<u>\$499,400</u>

**Reconciliation of The Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities**

**For the Year Ended June 30, 2009**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds \$73,640

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	(28,408)	
Capital outlay	3,995	(24,413)
Change in Net Assets of Governmental Activities, Statement B		<u>\$49,227</u>

The accompanying notes are an integral part of this financial statement.

## STATEMENT E

## TOWN OF MANGHAM, LOUISIANA

## Statement of Net Assets, Proprietary Funds

June 30, 2009

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER	SEWER	ENTERPRISE
	FUND	FUND	FUNDS
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$353,522	\$116,706	\$470,228
Receivables (net of allowances for uncollectibles)	13,012	46,274	59,286
Due from other funds	4,197	0	4,197
Total Current Assets	<u>370,731</u>	<u>162,980</u>	<u>533,711</u>
Non-Current Assets:			
Capital assets (net of accumulated depreciation)	1,700,728	91,201	1,791,929
Total Non-Current Assets	<u>1,700,728</u>	<u>91,201</u>	<u>1,791,929</u>
<b>TOTAL ASSETS</b>	<u><b>\$2,071,459</b></u>	<u><b>\$254,181</b></u>	<u><b>\$2,325,640</b></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts, salaries, and other payables	\$22,391	\$45,534	\$67,925
Customer Deposits Refundable	10,420	0	10,420
Due to other funds	0	168,099	168,099
Total Current Liabilities	<u>32,811</u>	<u>213,633</u>	<u>246,444</u>
Non Current Liabilities:			
Notes Payable-USDA	516,416	0	516,416
Total Non-Current Liabilities	<u>516,416</u>	<u>0</u>	<u>516,416</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,184,312	91,201	1,275,513
Restricted for debt service	444	41,919	42,363
Unrestricted	<u>337,476</u>	<u>(92,572)</u>	<u>244,904</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$1,522,232</b></u>	<u><b>\$40,548</b></u>	<u><b>\$1,562,780</b></u>

The accompanying notes are an integral part of this financial statement.

## STATEMENT F

## TOWN OF MANGHAM, LOUISIANA

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds

For the Year Ended June 30, 2009

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER FUND	SEWER FUND	ENTERPRISE FUNDS
<b>Operating Revenues</b>			
Charges for services:			
Water sales	\$87,307	\$0	\$87,307
Sewer charges	0	9,487	9,487
Other services	646	1,545	2,191
Total Operating Revenues	87,953	11,032	98,985
<b>Operating Expenses</b>			
Salaries and wages	8,601	8,601	17,202
Materials and supplies	27,470	5,442	32,912
Other services and charges	25,975	16,554	42,529
Depreciation	75,058	10,326	85,384
Total Operating Expenses	137,104	40,923	178,027
<b>Operating Loss</b>	(49,151)	(29,891)	(79,042)
<b>Nonoperating Revenues (Expenses)</b>			
Property Taxes	5,568	0	5,568
Grant	1,112,470	44,966	1,157,436
Interest earnings	4,554	648	5,202
Interest expense	(19,241)	(92)	(19,333)
Total Nonoperating Revenues (Expenses)	1,103,351	45,522	1,148,873
<b>Change in Net Assets</b>	1,054,200	15,631	1,069,831
Total Net Assets-Beginning	468,032	24,917	492,949
Total Net Assets-Ending	\$1,522,232	\$40,548	\$1,562,780

The accompanying notes are an integral part of this financial statement.

## TOWN OF MANGHAM, LOUISIANA

## Statement of Cash Flows, Proprietary Funds

For the Year Ended June 30, 2009

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds) WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$78,064	\$11,423	\$89,487
Payments to suppliers	(13,879)	(6,722)	(20,601)
Payments to employees	(8,601)	(8,601)	(17,202)
Net Cash Provided (Used) by Operating Activities	55,584	(3,900)	51,684
<b>Cash Flows From NonCapital Financing Activities</b>			
Property Taxes	5,568	0	5,568
Grants	1,112,470	44,966	1,157,436
Net Cash Provided by Noncapital Financing Activities	1,118,038	44,966	1,163,004
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases of capital assets	(1,564,597)	(44,966)	(1,609,563)
Proceeds from capital debt	297,000	0	297,000
Principal paid on capital debt	(584)	(6,500)	(7,084)
Interest paid on capital debt	(19,241)	(92)	(19,333)
Net Cash Used by Capital and Related Financing Activities	(1,287,422)	(51,558)	(1,338,980)
<b>Cash Flows From Investing Activities</b>			
Interest and dividends received	4,554	648	5,202
Net Cash Provided by Investing Activities	4,554	648	5,202
Net Decrease in Cash and Cash Equivalents	(109,246)	(9,844)	(119,090)
Cash and Cash Equivalents, Beginning of Year	462,768	126,550	589,318
Cash and Cash Equivalents, End of Year	\$353,522	\$116,706	\$470,228
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>			
Operating loss	(\$49,151)	(\$29,891)	(\$79,042)
Depreciation expense	75,058	10,326	85,384
(Increase) decrease in accounts receivable	7,616	(43,800)	(36,184)
(Increase) decrease in due from other funds	13,053	0	13,053
Increase (decrease) in allowance for uncollectible accounts	0	0	0
Increase (decrease) in customer deposits	(8,632)	0	(8,632)
Increase (decrease) in accounts payable	17,640	44,850	62,490
Increase (decrease) in due to other funds	0	14,615	14,615
Total Adjustments	104,735	25,991	130,726
Net Cash Provided (Used) by Operating Activities	\$55,584	(\$3,900)	\$51,684

The accompanying notes are an integral part of this financial statement.

## **TOWN OF MANGHAM, LOUISIANA**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2009**

#### **INTRODUCTION**

The Town of Mangham, Louisiana was incorporated March 4, 1907, under the provisions of the Lawrason Act. The Town operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, public improvements and general administrative services. The Town has a population of approximately 650 people and employs seven people excluding the mayor and the five aldermen.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Town has oversight of other component units that are, either, blended into the Town's basic financial statements or discretely presented in a separate column in the government-wide financial statements. The Town of Mangham has no component units as of June 30, 2009.

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The Water Fund provides water services to the citizens inside the Town's boundaries. It accounts for all revenues and expenses associated with providing water service.

The Sewer Fund provides sewer services to the citizens inside the Town's boundaries. It accounts for all revenues and expenses associated with providing sewer service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. *Internally dedicated resources* are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues derived from the proprietary funds include water and sewer fees along with new installation fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

**C. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the Town, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectives. The Town uses the allowance method for uncollectible water fees and writes off accounts when it deems them to be totally uncollectible.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:



**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General fund	8.00	8.00	2016
Water Plant Fund	3.12	3.12	2016
Street Maintenance	2.08	2.04	2016
General fund	7.30	7.30	2016

*Sales Taxes* The Town of Mangham collects a 1% sales tax, which is not designated for a specific purpose at this time. The tax may be used for any expenditure necessary. The tax is due to expire in June 2016.

**F. Restricted Assets**

The Town's Sewer Fund has restricted assets in accordance with the loan agreement in the amount of \$41, 919. This is to cover the loan in case the Town defaults on the loan. As of June 30, 2009 the loans have been paid in full.

The Town's Water Fund has restricted assets in accordance with the loan agreement in the amount of \$444. An amount of \$222 per month is deposited into a reserve account per the agreement. This is to cover the loan in case of default.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing capital assets.

As permitted by GASB 34, the Town has elected not to report infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Town had no interest to capitalize under construction.

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 Years
Furniture and fixtures	5 – 10 Years
Vehicles	5 Years
Equipment	7 – 15 Years
Sewer system	20 – 40 Years
Water system	20 – 40 Years

**H. Compensated Absences**

Full time employees of the Town earn 5/6 working days per year of 30 days for each month worked for annual leave. Annual leave cannot be accumulated therefore no accrual has been made.

Employees can earn up to 15 days of sick leave each year. Employees are not paid for accumulated sick leave upon termination, therefore, no accrual has been made.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGET INFORMATION.** The Town uses the following budget practices:

Preliminary budgets for the ensuing fiscal year are prepared by the Town Clerk during May of each year. Prior to June 15, the Mayor submits to the Board of Aldermen, a proposed budget for the fiscal year commencing the following July 1. The availability of the proposed budget for public inspection and the date of the next meeting on the budget are then advertised in the official journal. The budget is then adopted during the meeting prior to June 30. All annual appropriations lapse at year-end.

The budget comparison statements included in the accompanying financial statements reflect the original adopted budget and all amendments made. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2009 the Town has cash and cash equivalents (book balances) totaling \$713,753 as follows:

	General Fund	Sales Tax Fund	Proprietary Funds	Totals
Demand deposits	\$146,246		\$141,332	\$287,578
Interest-bearing demand deposits	5,698		130,917	136,615
Time deposits	48,273	43,308	197,979	289,560
Other				
	<u>\$200,217</u>	<u>\$43,308</u>	<u>\$470,228</u>	<u>\$713,753</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2009, the Town has \$725,552 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$610,062 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

**5. RECEIVABLES**

The receivables of \$157,118 at June 30, 2009 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Services	\$2,483	\$	\$12,830	\$15,313
Fines	95,190			95,190
Accrued Interest	151	8	1,490	1,649
Grants Receivable			44,966	44,966
Total	<u>\$97,824</u>	<u>\$8</u>	<u>\$59,286</u>	<u>\$157,118</u>

The proprietary funds have an allowance account of \$550 and used the direct write-off method when an account is deemed uncollectible.

**6. INTERFUND RECEIVABLES/PAYABLES**

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**7. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2009 for the primary government is as follows:

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

	Balance 06/30/08	Additions	Retirements	Balance 06/30/09
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$41,250			\$41,250
Depreciable assets:				
Buildings & improvements	173,906			173,906
Equipment	105,440	3,995		109,435
Street Improvements	257,233			257,233
Total capital assets being depreciated	536,579	3,995	0	540,574
Less accumulated depreciation	(153,325)	(28,406)		(181,731)
Total capital assets being depreciated, net	383,254	(24,411)	0	358,843
Total governmental activities capital assets, net	<u>\$424,504</u>	<u>(\$24,411)</u>	<u>\$0</u>	<u>\$400,093</u>
<b>Business-type activities:</b>				
Nondepreciable assets:				
Land	\$10,450			\$10,450
Depreciable assets:				
Structures & Sewer System	369,170			369,170
Water Plant & Distribution	90,234	1,728,663		1,818,897
Furniture & Equipment	34,509			34,509
Construction in Progress	164,068	1,609,561	1,728,663	44,966
Vehicles	23,258			23,258
Total capital assets being depreciated	681,239	3,338,224	1,728,663	2,290,800
Less accumulated depreciation	(423,937)	(85,384)		(509,321)
Total capital assets being depreciated, net	257,302	3,252,840	1,728,663	1,781,479
Total business-type activities capital assets, net	<u>\$267,752</u>	<u>\$3,252,840</u>	<u>\$1,728,663</u>	<u>\$1,791,929</u>

Depreciation expense is charges to functions of the governmental and business-type activities as follows:

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	4,660	Sewer	10,326
Public safety and protection	6,983	Water	75,058
Public works	14,953		
Sanitation	0		
Culture and recreation	1,810		
Totals	<u>28,406</u>		<u>85,384</u>

**9. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS**

The composition of interfund balances as of June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$168,099
Water Fund	General Fund	4,197
Special Revenues	General Fund	57,309
		<u>\$229,605</u>

**10. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$84,204 at June 30, 2009 are as follows:

	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$ 5,859	\$ 67,925	\$73,784
Other		10,420	10,420
	<u>\$5,859</u>	<u>\$78,345</u>	<u>\$84,204</u>

**12. LEASES**

The Town records (does not record) items under capital leases as an asset and an obligation in the accompanying financial statements. All leases have been paid in full as of June 30, 2009.

**13. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2009:

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

	Bonded Debt	USDA	Total
Long-term Obligations at Beginning of Year	\$6,500	\$220,000	\$226,500
Additions	0	297,000	297,000
Deductions	(6,500)	(584)	(7,084)
Long-term Obligations at End of Year	<u>\$0</u>	<u>\$516,416</u>	<u>\$516,416</u>

<u>Year Ending June 30, 2009</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2010	5,415	21,333	26,748
2011	5,778	20,970	26,748
2012	6,021	20,727	26,748
2013	6,274	20,474	26,748
2014	6,537	20,211	26,748
2015-2049	<u>486,391</u>	<u>423,041</u>	<u>909,432</u>
Total	<u>\$516,416</u>	<u>\$526,756</u>	<u>\$1,043,172</u>

The sewer fund accounts for the bonded debt with the water fund accounting for the USDA funding and the general fund has no long-term debt as of June 30, 2009.

There were three loans by the sewer fund, which originated on 06/25/1970 at 5 percent interest. Two of the loans are payable on an annual basis and the third loan is payable on a monthly basis with it being paid in full in 2008.

A water project loan from the USDA originated on 05/09/08 at 4.125 percent interest. This loan was granted to make major improvements to the water system lines and water plant. At completion, a payment of \$16,494 was made which consisted of accrued interest to date and \$584 of principal. The monthly payments of \$2,229 began 05/09/09 for a period of 40 years.

#### **14. RETIREMENT SYSTEMS**

Substantially all employees of the Town of Mangham are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

##### **A. Municipal Employees Retirement System of Louisiana (System)**

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the Town is a member of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to

**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

*Funding Policy.* Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Mangham is required to contribute at an actuarially determined rate. The current rate is 3.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Mangham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Mangham contributions to the System under Plan B for the years ending June 30, 2009, 2008, and 2007 were \$1,161, \$1,225, and \$1,578, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Mangham is required to contribute at an actuarially determined rate. The current rate is 9.5% of annual covered payroll. The contribution requirements of plan members and the



**TOWN OF MANGHAM, Louisiana**  
**Notes to the Financial Statements (Continued)**

Town of Mangham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Mangham contributions to the System for the years ending June 30, 2009, 2008, and 2007, were \$5,271, \$4,159, and \$4,692, respectively, equal to the required contributions for each year.

**15. SUBSEQUENT EVENTS**

The Town of Mangham has completed the water system improvements and is now in the process of making major improvements to its sewer system.

**16. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budget/Actual Unfavorable Variances

When comparing budget to actual revenue and expenditure amounts for the year ended June 30, 2009, the following governmental funds had variances greater than 5%:

General Fund

State Grant Funds	\$ 40,000	\$ 4,405	\$ (35,595)
Public Safety and Protection	\$ 90,950	\$ 97,130	\$ ( 6,180)

REQUIRED SUPPLEMENTAL INFORMATION (PART B)  
BUDGETARY COMPARISON SCHEDULES

## TOWN OF MANGHAM, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balances-**  
**Budget and Actual (GAAP Basis)**  
**General Fund (and all major governmental funds)**  
**For the Year Ended June 30, 2009**

*Required Supplemental Information*

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Over(Under)</u>
<b>Revenues</b>				
Taxes:				
Sales and use	\$80,000	\$80,000	\$79,642	(\$358)
Franchise tax	13,400	13,400	17,160	3,760
Ad valorem tax	30,200	30,200	30,871	671
Licenses and permits	28,000	28,000	28,704	704
Intergovernmental revenues:				
State funds:				
Grant	40,000	40,000	4,405	(35,595)
Charges for services	21,500	21,500	19,869	(1,631)
Fines and forfeitures	80,000	80,000	87,384	7,384
Investment earnings	2,000	2,000	1,556	(444)
Other revenues	21,801	21,801	35,436	13,635
Total Revenues	<u>316,901</u>	<u>316,901</u>	<u>305,027</u>	<u>(11,874)</u>
<b>Expenditures</b>				
General Government	80,750	80,750	76,548	(4,202)
Public safety and protection	90,950	90,950	97,130	6,180
Public works	31,000	31,000	20,970	(10,030)
Sanitation	23,000	23,000	23,627	627
Culture and recreation	8,400	8,400	9,117	717
Capital Outlay	30,000	30,000	3,995	(26,005)
Total Expenditures	<u>264,100</u>	<u>264,100</u>	<u>231,387</u>	<u>(32,713)</u>
<b>Net Change in Fund Balance</b>	<b>52,801</b>	<b>52,801</b>	<b>73,640</b>	<b>20,839</b>
<b>Fund Balance at Beginning of Year</b>	<b>425,760</b>	<b>425,760</b>	<b>425,760</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b><u>\$478,561</u></b>	<b><u>\$478,561</u></b>	<b><u>\$499,400</u></b>	<b><u>\$20,839</u></b>

The accompanying notes are an integral part of this financial statement.

## OTHER SUPPLEMENTAL INFORMATION

**Schedule II**

**TOWN OF MANGHAM, LOUISIANA**

**Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2009**

<b>Board of Aldermen</b>	<b>Amount</b>
Zona McKay	243
John Natt	260
Bruce, Billy	104
Ida Roberts Gilley, Resigned 12/09/08	69
Perry Fleming	225
Leslie Mizell	104
Total	<u>\$1,005</u>

The accompanying notes are an integral part of this financial statement.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*  
AND CIRCULAR A-133

# CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

*Certified Public Accountants*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Board of Aldermen of  
Mangham, Louisiana

We have audited the primary government financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mangham, Louisiana (the Town) as of and for the year ended June 30, 2009, which collectively comprise the Town's basic primary government financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

## **Internal Control Over Financial Reporting**

*In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic primary financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.*

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting and which are described as items 09-1 and 09-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Legislative Auditor, the Town of Mangham, Louisiana and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
December 18, 2009



# CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Board of Aldermen of  
Mangham, Louisiana

## **Compliance**

We have audited the compliance of the Town of Mangham, Louisiana (the Town), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

## **Internal Control Over Compliance**

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Town of Mangham, Louisiana, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
December 18, 2009

TOWN OF MANGHAM, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic primary government financial statements of the Town of Mangham, Louisiana.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards* and the Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133. None of the significant deficiencies are deemed to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the Town of Mangham, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs are reported in the Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Town of Mangham, Louisiana expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Sections 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as major program included the Department of Agriculture, CFDA No. 10.760.
8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. The Town of Mangham, Louisiana does not qualify to be a low-risk audittee.

TOWN OF MANGHAM, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009 (continued)

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no findings relating to this category.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**09-1 Separation of Duties**

Condition:

Although the Town's small staff limits the extent of separation of duties, we believe certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. One of the most critical areas of separation is cash, where we noted that the Town Clerk handles incoming checks, prepares the deposit slip, posts receipts to customer accounts, and receives and reconciles the monthly bank statement. The result is the danger that intentional or unintentional errors could be made and not detected.

Recommendation:

We recommend that someone other than the Town Clerk receive and review unopened bank statements and cancelled checks, along with the monthly bank reconciliation. This control usually takes no more than an hour each month and provides a supervisory control that can help prevent or detect improper or unauthorized disbursements.

Response:

The Town's Aldermen have the opportunity to review the bank statements and reconciliations at each monthly Council meeting. The monthly invoices are also reviewed at that time. Two signatures are required on all checks written and the mayor reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits.

**09-2 Monitoring Water Consumption**

Condition:

During our audit of the water and sewer funds, we noted that the amount of water that is pumped to provide to the Town's residents is not monitored or metered. The amount of water provided should be known in order for the Town to ensure that the amount of water revenue collected is accurate to the amount that is provided. Consumption reports should be produced and reviewed for the same reason stated above.

Recommendation:

We recommend that someone in the water department should measure the flow of water provided to the Town's residents. A consumption report should be prepared and given to the Town Clerk monthly.

Response:

As of January 2010, a person in the water department will begin tracking the water usage of the Town.

TOWN OF MANGHAM, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass - Through Number</u>	<u>Expenditures</u>
<b>Department of Agriculture</b>			
Water and Waste Disposal Systems for Rural Communities - Loan	10.760	22-042-0726001613 *	\$ 297,000
Water and Waste Disposal Systems for Rural Communities - Grant	10.760	22-042-0726001613 *	<u>983,000</u>
Total Department of Agriculture			\$ 1,280,000
<b>Department of Homeland Security</b>			
State Domestic Preparedness Equipment Support Program	97.067		<u>4,405</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,284,405</u></u>

During the year ended June 30, 2008, \$220,000 in USDA loan funds were received and recorded.

\*Denotes Major Federal Assistance Program.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

TOWN OF MANGHAM, LOUISIANA  
NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of West Monroe, Louisiana. The Town of Mangham,, Louisiana reporting entity is defined in Note 1 to the Town's primary government financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Town's primary government financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TOWN OF MANGHAM, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009

**Internal Control and Compliance Material to Federal Awards**

There were no findings relating to this category.

**Internal Control and Compliance Material to the Financial Statements**

- 08-1 Budget not adopted by ordinance in compliance with the law.

Condition:

During our audit it was noted that the budget was not adopted by ordinance in compliance with the law.

Recommendation:

The Town should adopt the budget by ordinance in the future.

Current Status:

The Town now adopts its budgets by ordinance.

- 08-2 Expenditures exceeded budgeted amounts by more than 5%

Condition:

Two line items of actual expenditures exceeded budgeted amounts by more than 5%.

Recommendation:

Revise budget when expenditures are expected to exceed budgeted amounts.

Response:

The Town continues to compare budgeted amounts to actual and will revise the budgets as needed.